GOVERNMENT OF INDIA
AGRO AND RURAL INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:3504
ANSWERED ON:22.12.2004
PILING OF KHADI PRODUCTS
Rathod Shri Harisingh Nasaru

Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state:

(a): whether the Government is aware of the fact that large stocks of Khadi clothes have piled up with various Khadi Institutions;

(b): if so, the details thereof and the reasons therefor;

(c): the details of khadi cloth procured by the KVIC in the last three years;

(d): the details of subsidies offered by the Union Government to khadi cloth/products; and

(e): the steps taken by the Government for popularising the khadi products?

Answer

MINISTER OF SMALL SCALE INDUSTRIES & AGRO AND RURAL INDUSTRIES (SHRI MAHABIR PRASAD)

(a)&(b): Yes, Sir. As on 31 March, 2004, stocks of Khadi and polyvastra, valued at Rs. 564.21 crore and Rs. 63.32 crore respectively, were held by the khadi institutions, State/Union Territory(UT) Khadi and Village Industries Boards (KVIBs) and departmental sales outlets of the Khadi and Village Industries Commission (KVIC). The main reasons for these stocks are:

(i) Production of khadi stock by institutions is not in tune with the market demand.

(ii) Quality and design of the products do not meet the prevalent market expectations.

(iii) Competition from natural/synthetic fibres.

(c): The details of khadi cloth procured by the KVIC from khadi institutions during the last three years are given in the table below:

Year	Procurement (Rs. Crore)
2001-02	26.54
2002-03	25.49
2003-04	22.67

(d): The Union Government, through the KVIC, provides rebate on the sales of khadi and khadi products (including polyvastra). A normal rebate on sales throughout the year and an additional (special) rebate for 108 days are given, to be passed on to the customers. The amounts of rebate given to the institutions during 2001-02, 2002-03 and 2003-04 are given in the table below:

Year	Amount (Rs. Crore)

2001-02	77.07
2002-03	111.84
2003-04	81.99

The Government also provides subsidy on the interest payable on loans raised by the khadi institutions from banks, under the Interest Subsidy Eligibility Certificate (ISEC) Scheme. The interest payable by khadi institutions is limited to 4 per cent per annum, the balance being paid by the Government through the KVIC. The amounts paid under ISEC Scheme during the last three years are as follows:

Year	Amount (Rs. Crore)
2001-02	40.45
2002-03	21.99
2003-04	18.77

(e): For popularizing khadi, the Government through the KVIC, has taken various steps, including organising exhibitions at national, zonal, State and district levels, participation in national and international exhibitions, organising khadi fashion show, buyer- seller meets brand building, publicity, financial assistance for product development and improved designs and packaging, etc. The KVIC has also set up a Confederation for Promotion of Khadi and Village Industries (CPKVI) for marketing of khadi and village industries products in the country.